



A PHI Company

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December 15, 2006

VIA ELECTRONIC MAIL

James McC. Geddes, Esquire
Ashby & Geddes
222 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19899

RE: DE PSC Docket No. 06-241, Integrated Resource Plan

Dear Jim:

This letter is written on behalf of the Delmarva Power & Light Company ("Delmarva Power") in response to your letter on behalf of the Staff of the Delaware Public Service Commission, dated December 13, 2006, regarding Delmarva Power's Integrated Resource Plan ("IRP") compliance filing, made December 1, 2006.

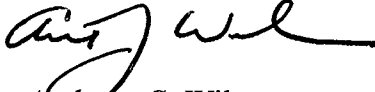
We respectfully disagree with your assertion that the IRP is not in full compliance with the Electric Utility Retail Customers Supply Act of 2006 ("EURCSA"). To the contrary, the filed IRP is complete, accurate, and in full compliance with the requirements of EURCSA. Moreover, the filed IRP is consistent in detail with the Annual Supply Planning Report filed by Delaware Electric Cooperative in 2006, and the last IRP filed by Delmarva in 1997. In order to demonstrate to the Staff that the IRP is in full compliance, the attached list designates where in the filed IRP you can find the discussion of the items that you identified in your letter of December 13, 2006. However, Delmarva is also assembling the supporting workpapers for the IRP and will promptly provide them to Staff. In addition, Delmarva is also prepared to review with the Staff ICF's Integrated Resource Planning model, which was used by Delmarva to develop the IRP.

In the meantime, Delmarva Power invites Staff to participate in a conference call or an IRP conference and presentation, to be scheduled at a mutually convenient time, to discuss the IRP and the to-be-filed supplemental information. Recognizing that the year is drawing to a rapid close, Delmarva Power proposes that we look to the first week of January to convene. Please let me know if this timeframe works for your client.

James McC. Geddes, Esquire
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If you'd like to discuss this matter further, please do not hesitate to contact the undersigned counsel at 302 429-3061.

Sincerely,



Anthony C. Wilson

cc: Service List



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Staff's References	EURSA Legislation	Delmarva Position	IRP discussion
(i)	Systematically evaluate available supply options during the 10 year planning period	The IRP has systematically evaluated reasonable supply options as well as DSM and transmission resources	PP 28-30 describes options evaluated by ICF's Integrated Planning Model (IPM).
Geddes' 2nd paragraph	Meet Customer Needs	The IRP sets forth a plan to meet customer needs through increased DSM, additional renewable resources, transmission enhancements and a proven procurement strategy.	PP 4,5,6,10-13,16-19, and 20-21
Geddes' 2nd paragraph	10 year load forecast	The forecast for Delmarva is consistent with PJM the Regional Transmission Operator	A 10 year load forecast is provided in Section VI. Related information is in Section IV.
Geddes' 2nd paragraph	Optimal Supply for 10 year period	Additional DSM, energy efficiency, renewable resources and transmission enhancements are the best path forward for Delmarva SOS customers	Section VIII pp. 28-32
(i)	Consider new and innovative base-load technologies such as Integrated Coal gasification combined cycle plants	Coal gasification plants were evaluated in the IRP but are not optimal resources in Delaware	Integrated Coal Gasification Combined Cycle is identified as a resource considered in the Base Case on pp 29
(ii)	Consider resources that provide short or long term benefits to the citizens of the State including renewable resources such as wind and solar	Delmarva will pursue Procuring Additional Renewable Resources (mostly on-shore wind) up to 44Mw by 2016 for SOS customers	Pp 30 identifies the renewable resources evaluated in the Base Case including wind and solar resources.
(iv)	Promote fuel diversity	Delmarva's plan indicates that beyond the existing fossil fuel resources, future capacity should be from renewable resources.	PP 9, 28, and 29 discuss the diverse fuels and associated resources evaluated.
(v)	Resources that support and improve reliability	Transmission enhancements will provide significant improvements in reliability for Delmarva.	PP 4-5,14-15 and 29
(vi)	Provide Price Stability	Delmarva's current 3 year rolling load procurement practice, as approved by the Commission, provides price stability for SOS customers. This practice, when fully implemented has proven to provide price stability in other jurisdictions.	PP 5-6,9, 10, 11,12, 13, 14, 18, 19, 21,27, and 31-34 for discussion of procurement strategy to provide stability to Delmarva SOS customers.

Geddes' 2nd paragraph	Explore in detail reasonable long and short term procurement strategies	The rolling 3 year procurement strategy currently in place works well. Delmarva will pursue twice a year bidding and possibly longer terms up to 5 years if proper safeguards are in place.	Section VII pp21-27 provides a discussion of short and long term procurement strategies. See also pp 4.
	Consider Brownfield or Industrial sites	The RFP process is a direct way to identify brownfield sites to consider in the IRP	Updated IRP will consider brownfield sites evaluated in RFP